

Californians for a Public Owned Utility

Jeff Shields
1525 Augusta Pt. Dr.
Ripon, CA 95366

November 13, 2019

The Honorable Gavin Newsom
Governor, State of California
The Capitol
Sacramento, CA 95816

Dear Governor Newsom,

Pacific Gas & Electric has been awarded monopoly privilege by the State of California in exchange for the "Obligation to Serve" electricity and natural gas in a franchised service territory (i.e., the Regulatory Compact). That obligation carries with it a responsibility to deliver this essential public service in a safe and reliable manner and at rates deemed "just and reasonable."

Unfortunately, PG&E has consistently demonstrated that it is incapable of honoring its side of the compact with Californians. Today, we have a convicted felon holding a state authorized monopoly that has, for the second time in recent years, sought to protect its monopoly through the bankruptcy courts. For decades, PG&E has placed profits for shareholders and executives over safety, resulting in millions of families' lives disrupted, thousands of lives shattered or lost, and neighborhoods blown to pieces or burned to the ground. And now, PG&E has given customers a choice of sitting in the dark for days on end, or risk death by fire.

PG&E will never again be able provide safe and reliable service at just and reasonable rates. Their culture of criminal conduct and repeated disregard for public safety must end under your leadership. The Corporation has destroyed its creditworthiness, exposed itself to extraordinary capital obligations, placed major industries, such as insurance, on their heels, forced increased carbon emissions as a result of citizens having to resort to small portable generators for heat, light and horsepower and by every measure, the Corporation has lost the public trust.

You recently called for a "Reimagined PG&E." You are absolutely correct. Today, when making any decision, PG&E executives ask themselves "How will this benefit our shareholders?" Public Power utilities ask a different question: "How will this benefit our customers?" There are thousands of examples of customer owned, not-for-profit, utilities operating successfully across the U.S. as well as California. It is a business model that is proven to work for the people. A true publicly owned utility can and should be awarded equivalent to the PG&E franchise service territory, and remove the Obligation to Serve currently held by PG&E.

Not only is it time for a change of utility ownership and business model, but also a change for the core philosophy of how our energy is delivered so it actually benefits the people of California, keeps them safe, and accomplishes our aggressive carbon reduction goals.

Californians for a Public Owned Utility

I have enjoyed a recent opportunity to convene with several seasoned professionals with legal, economic, managerial, organization and finance backgrounds to explore the framework for what a California Public Owned Utility should look like. These principles and more information is also available at www.CaliforniaPUD.org.

Attached are principles we believe are straightforward, do-able, and would have the tremendous benefit of creating a utility that invests heavily in safety and reliability, achieve California's climate goals, be open, honest, accountable, and gain the public confidence that is so sorely needed in our great state.

We are eager to work with you, the Strike Team, and the legislature to pass a bill that will create a public utility district with the same exact service territory and assume all assets and obligations currently in the hands of PG&E. Governor, your leadership can make this happen, and you can have a real impact into the lives and the safety of Californians. Yes, it's a tough decision, and we believe that because so many issues and concerns are impacted by PG&E, by taking this vital step the world will be significantly improved.

Sincerely,

Jeff Shields
Retired GM SSJID
Interim GM Tri Dam Project
Treasurer TURN

Californians for a Public Owned Utility

Public Power Principles for a Reimagined PG&E

Accountability

- 100% transparent decisionmaking
- Compliant with applicable public record and open meeting rules – Brown Act
- No organized political corporate contributions or activities, except education
- Preserve consumer interest intervener structure

Rate Impact

- Tax exempt financing for cost-effective capital investments needed to maintain the grid and realize energy policy objectives
- Eliminate shareholder profits and reduce corporate overheads such as international soirees and corporate jets

Transition to a New Regulatory Regime

- Elected or appointed board with public engagement and inclusion as the core philosophy
- Over one to two years, transition the rate regulation role of the CPUC to the public power agency's board, and pursue reform to shift to an appropriate long-term common-sense regulatory structure appropriate for the new entity(ies) and customers
- Preserve current labor agreements for both represented and non-represented employees.

Support and Facilitate State Climate Goals

Wildfire Mitigation and Response

- Transparent, prioritized capital investment plan to address infrastructure needs
- Invest in sectionalizing the transmission system to minimize the impacts of PSPS events
- Transparent decisionmaking structure for Public Safety Power Shutoffs
- Create a wildfire resilience capital plan
- Heavy investment in vegetation management
- Bi-annual (twice per year) inspections of the entire transmission system
- Annual accountability report of investments in the utility and their impact

Climate Policy

- Turn needed attention to link energy policy to decarbonize transportation, as well as decarbonization in buildings

Power Supply Procurement

- Power supply procurement primarily to the CCAs (procurement responsibility for the remaining customers who choose not to procure their own power transferred to a provider of last resort).
- Examine sale of generation assets to independent power producers or, in the case of hydroelectric facilities, to a steward(s) able to balance the multi-faceted role of California's hydroelectric, water conveyance, and flood control system.

Addressing the Liability Cycle

Californians for a Public Owned Utility

- Examine liability issues prospectively to safeguard public investment. Consider individual and local responsibility and investment in defensible space for residential and commercial buildings.

Plan for the Future

- Immediately create a governance review task force to determine the governance and ownership structure of a new organization with possible potential break-up into multiple citizen-owned or publicly owned organizations.
- Break out the transmission system into a separate not-for-profit entity to significantly lower costs and increase transparency of operations, maintenance, and capital expenditures
- Facilitate the three publicly owned utility proposals underway to take place and examine other local public utility options as they arise in a fair and timely manner. (San Francisco, South San Joaquin Irrigation District, Valley Clean Energy)
- Facilitate other cities/regions interested in creating publicly owned utilities, municipal utility districts, or community-owned as appropriate. Establish a reasonable but rigorous process for considering creating a publicly owned utility.